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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993*

Section 33. Administration and management

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* The present document contains section 33H of the proposed programme budget for the biennium 1992-1993. The complete proposed programme budget will subsequently be issued in final printed form as Official Records of the General Assembly, Forty-sixth Session, Supplement No. 6 (A/46/6/Rev.1).

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SECTION 33H. INTERNAL AUDIT SERVICE

TABLE 33H.1. ANALYSIS OF OVERALL COSTS

(Thousands of United States dollars)

DIRECT COSTS

(1) Regular budget

1990-1991 appropriation	Estimated additional requirements at revised 1991 rates				Total requirements at revised 1991 rates	Inflation in 1992 and 1993		1992-1993 estimates
	Revaluation of 1990-1991 resource base		Resource growth					
	$	%	$	%	$	$	%	
5 902.0	202.9	3.4	118.1	2.0	6 223.0	391.2	6.2	6 614.2

Analysis of real growth (at revised 1991 rates)

(1) Total revalued 1990-1991 resource base	Resource growth				Rate of real growth (5) over (1)
	(2) Actual	(3) Less non-recurrent items	(4) Plus delayed growth (new posts)	(5) Adjusted	
6 104.9	118.1	-	-	118.1	1.9%

TABLE 33H.1 (continued)

(2) Extrabudgetary resources

	1990-1991 estimated expenditures	1992-1993 estimated expenditures
(a) Services in support of:		
(i) Other United Nations organizations	1 464.2	1 500.0
(ii) Extrabudgetary programmes	1 724.2	1 700.0
Total (a)	3 188.4	3 200.0
(b) Substantive activities	-	-
Total (b)	-	-
(c) Operational projects	-	-
Total (c)	-	-
Total (a), (b) and (c)	3 188.4	3 200.0
Total, direct costs		9 814.2

TABLE 33H.2. ANALYSIS OF REVALUED 1990-1991 RESOURCE BASE (AT REVISED 1991 RATE)

(Thousands of United States dollars)

			Additional requirements							
			Delayed impact of 1990-1991 growth		Recosting at revised 1991 rates					
	1990-1991 appropriation (1)	Non-recurrent 1990-1991 items (2)	Established posts (3)	Other objects of expenditure (4)	Established posts (5)	Other objects of expenditure (6)	Special adjustments (7)	Total (8)	Net additional requirements (9) (8)-(2)	Total revalued 1990-1991 resource base (10) (1)+(9)
H. Internal audit services	5 902.0	17.3	-	-	211.0	9.2	-	220.2	202.9	6 104.9

TABLE 33H.3. REGULAR BUDGET, DIRECT COSTS: SUMMARY OF 1992-1993 REQUIREMENTS AND RATES OF REAL GROWTH

(Thousands of United States dollars)

	1990-1991 appropriation	Estimated additional requirements at revised 1991 rates: Revaluation of 1990-1991 resource base	Estimated additional requirements at revised 1991 rates: Resource growth	Total requirements at revised 1991 rates	Inflation in 1992 and 1993	1992-1993 estimates	Rate of real growth %
H. Internal audit services	5 902.0	202.9	118.1	6 223.0	391.2	6 614.2	1.9

TABLE 33H.4. REGULAR BUDGET, DIRECT COSTS: SUMMARY OF 1992-1993 REQUIREMENTS AND RATES OF REAL GROWTH, BY OBJECT OF EXPENDITURE

(Thousands of United States dollars)

Objects of expenditure	1990-1991 appropriation	Estimated additional requirements at revised 1991 rates: Revaluation of 1990-1991 resource base	Estimated additional requirements at revised 1991 rates: Resource growth	Total requirements at revised 1991 rates	Inflation in 1992 and 1993	1992-1993 estimates	Rate of real growth %
Established posts	4 070.5	152.1	29.8	4 252.4	265.3	4 517.7	0.7
General temporary assistance	27.9	0.5	-	28.4	1.7	30.1	-
Consultants	9.9	0.3	-	10.2	0.9	11.1	-
Overtime	5.2	0.2	-	5.4	0.4	5.8	-
Common staff costs	1 464.5	58.9	(0.6)	1 522.8	92.8	1 615.6	-
Representation allowances	1.2	-	-	1.2	-	1.2	-
Travel of staff	195.3	5.5	40.2	241.0	17.9	258.9	20.0
Training	65.4	1.6	13.4	80.4	6.0	86.4	20.0
Maintenance of data-processing equipment	23.5	0.6	16.1	40.2	3.0	43.2	66.8
Official functions	0.6	-	-	0.6	-	0.6	-
Supplies and materials	21.6	(17.2)	10.0	14.4	1.1	15.5	227.2
Furniture and equipment	16.4	0.4	9.2	26.0	2.1	28.1	54.7
Total	5 902.0	202.9	118.1	6 223.0	391.2	6 614.2	1.9

TABLE 33H.5. POST REQUIREMENTS

Internal audit service

	Established posts		Temporary posts					
	Regular budget		Regular budget		Extrabudgetary resources		Total	
	1990-1991	1992-1993	1990-1991	1992-1993	1990-1991	1992-1993	1990-1991	1992-1993
Professional category and above								
D-2	1	1	-	-	-	-	1	1
D-1	-	-	-	-	1	1	1	1
P-5	3	3	-	-	2	2	5	5
P-4	6	6	-	-	9	9	15	15
P-3	6	6	-	-	2	2	8	8
P-2/1	10	10	-	-	1	1	11	11
Total	26	26	-	-	15	15	41	41
General Service category								
Principal level	7	7	-	-	-	-	7	7
Other levels	5	5	-	-	6	6	11	11
Total	12	12	-	-	6	6	18	18
Grand total	38	38	-	-	21	21	59	59

33H.1 The activities under section 33H are carried out by the Internal Audit Division, which conducts independent audits in conformity with generally accepted auditing standards. In accordance with the directives of the General Assembly and t : Secretary-General, and in line with the above-mentioned auditing standards, the Division's work encompasses the financial and administrative as well as the substantive or programme aspects of the activities that it audits. The outputs of the Division comprise the individual audits. Its findings and recommendations in each audit are communicated to the officials responsible and are followed up on a systematic basis to ensure that all necessary corrective action is taken promptly and properly. The Division has its headquarters in New York and maintains offices at Geneva and Nairobi. It is responsible for the internal auditing of all United Nations activities world wide for which the Secretary-General has administrative responsibility. These activities, whose combined expense budgets, income, assets and liabilities total more than $19 billion, comprise those financed from both the United Nations regular budget and extrabudgetary funds.

33H.2 During the biennium 1992-1993, the Division will extend its current emphasis on systems-based audits, review of internal controls and performance of detailed tests of transactions and balances, to include electronic data-processing (EDP) auditing, management auditing and additional audits of programme outputs and field activities. The latter additional audits are intended to reduce the incidence in field activities of lack or non-implementation of internal controls, which had resulted in loss of resources, mismanagement or failure to execute activities for the purpose intended. In response to the concern expressed by the General Assembly and the Advisory Committee on Administrative and Budgetary Questions, the Division will increase its audit coverage of extrabudgetary activities commensurately with the rise in the allocation of support resources it expects to receive. Activities falling under all sections of the programme budget will be audited by rotation, with varying frequency.

33H.3 A new way of analysing findings and recommendations will be developed and initially applied to help senior managers utilize audit feedback to achieve efficient programme execution. A study will be initiated on whether and in what way a new type of comprehensive audit of all United Nations programmes in a given country could contribute to the assessment of the overall performance of those programmes and their impact. To increase the productivity of the auditing staff, innovative applications of electronic data processing to the performance of audits will be identified or developed, and auditors will continue to be given technical and professional training.

33H.4 Inasmuch as the different kinds of audit are interconnected and complementary and as the services performed by the Division are of an internal nature and not directly reported to Member States, no priority designations among the outputs have been made.

33H.5 The activities described below are financed in part under the United Nations regular budget ($6,614,200) and also with extrabudgetary resources ($3,200,000).

Activities:

Audit services

(a) Approximately 80 audits of assets and liabilities: the extent to which assets are properly safeguarded; compliance with the established regulations, rules, policies, procedures and standards governing the acquisition, use, recording or control of the Organization's assets and liabilities; the reliability and integrity of financial and operating information; and the adequacy and effectiveness of related internal controls;

(b) Approximately 220 audits of income and expenditures: the extent of compliance with the established regulations, rules, policies, procedures and standards governing the handling and control of the Organization's income and expenditures; the reliability and integrity of financial operating information; and the adequacy and effectiveness of related internal controls;

(c) Approximately 100 audits of management and programme objectives, activities and outputs: the extent to which operational and substantive programmes and projects are managed and operated effectively, economically and efficiently; related activities and outputs are carried out or produced as planned; and established objectives and goals are achieved satisfactorily;

(d) Approximately 10 EDP audits: the extent to which a rational policy and set of procedures governing the acquisition, safeguarding and management of the utilization of computer equipment, software and systems, are established and implemented; standards for the economical and efficient production and the utility and quality of EDP outputs are set and observed; and related internal controls are adequate and effective;

(e) Continuing audit of the implementation of the integrated management information system project to ensure its auditability and that security and internal controls are installed and functioning as intended.

Resource requirements (at revised 1991 rates)

Redeployment

33H.6 Owing to the increased workload in the Internal Audit Division, Geneva office, it is proposed to redeploy one P-4 Auditor from New York to Geneva.

General temporary assistance

33H.7 The estimated requirements of $28,400, at the maintenance base level, relate to secretarial assistance in the Division's Geneva office and to maternity and sick-leave replacements.

Overtime

33H.8 A provision of $5,400, at maintenance base level, would be utilized during peak periods.

Consultants

33H.9 A provision of $10,200, involving no growth, would cover the cost of the services of external auditing firms or consultants to provide the necessary advisory opinions and expertise to the Division in such audits as airfare structures for travel, construction, communciation and electronic data-processing systems.

Travel of staff

33H.10 The estimated requirements in the amount of $241,000, involving a growth of $40,200, relate to expanded audit coverage of the regional commissions (including subregional and country offices, multinational programme and operational centres and regional centres), the United Nations offices at Vienna, Nairobi and Geneva, United Nations information centres and peace-keeping and other overseas operations financed from the regular budget. These resources would also be used for increased audits on a regular basis of programme output delivery, as required under rule 105.1 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and Methods of Evaluation.

Training

33H.11 In line with the strengthening of the Internal Audit Division, as endorsed by the General Assembly at its fortieth session, resources in the amount of $80,400, involving a growth of $13,400, are requested to cover the cost of continuing professional training programmes. It is estimated that approximately 240 work days of external training, including two seminars at Geneva for the Division's auditors posted there and at Nairobi, will be utilized during the biennium 1992-1993. Training will concentrate on management auditing, new audit techniques, electronic data-processing auditing and controls, such as auditing of advanced computer systems, the role of auditors in system development, and introduction to the use of the microcomputer to auditing work and the latest audit software.

Maintenance of data-processing equipment

33H.12 The resources proposed under this heading ($40,200), reflects a growth of $16,100. The growth reflects the increased number of data-processing equipment in the Division.

Supplies and materials

33H.13 A provision of $14,400, involving a growth of $10,000, is proposed for the purchase of electronic data-processing software for auditing work. Increased requirements reflect the changing nature of audit operations in the context of expanded automation in the Secretariat.

Furniture and equipment

33H.14 A provision of $26,000, involving a growth of $9,200, is requested for the purchase of five microcomputers, two optical scanners and accessory furniture.